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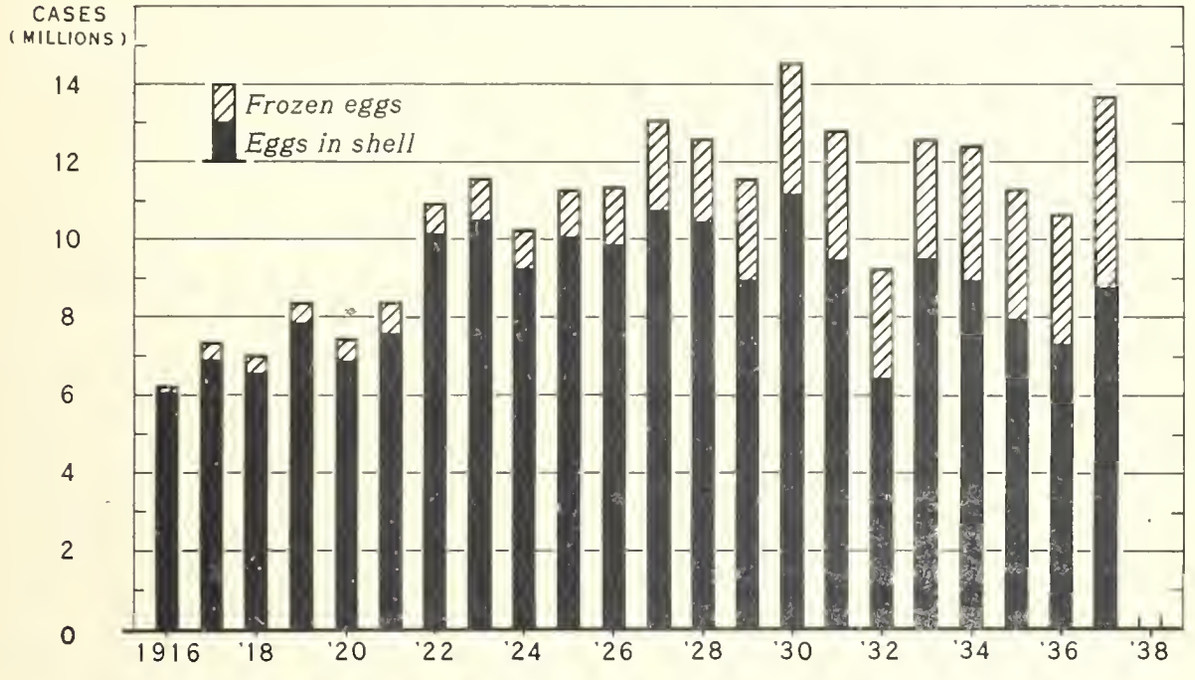
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON

PES-16 APRIL 1, 1938

THE POULTRY AND EGG SITUATION

U. S. COLD STORAGE STOCKS OF EGGS ON AUGUST 1, 1916-37



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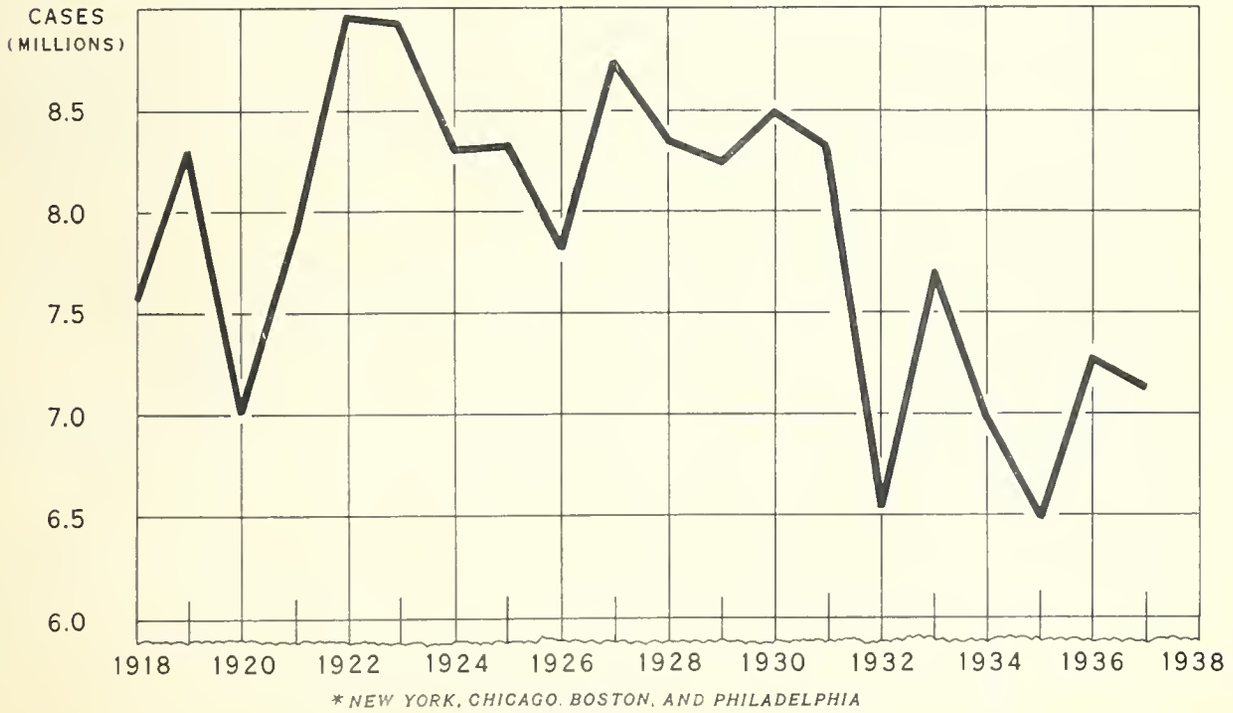
EGG RECEIPTS AT FOUR MARKETS*, MARCH-JUNE, 1918-37



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THE POULTRY AND EGG SITUATION AT A GLANCE

(AVERAGE OF CORRESPONDING PERIODS, 1925-34 = 100)

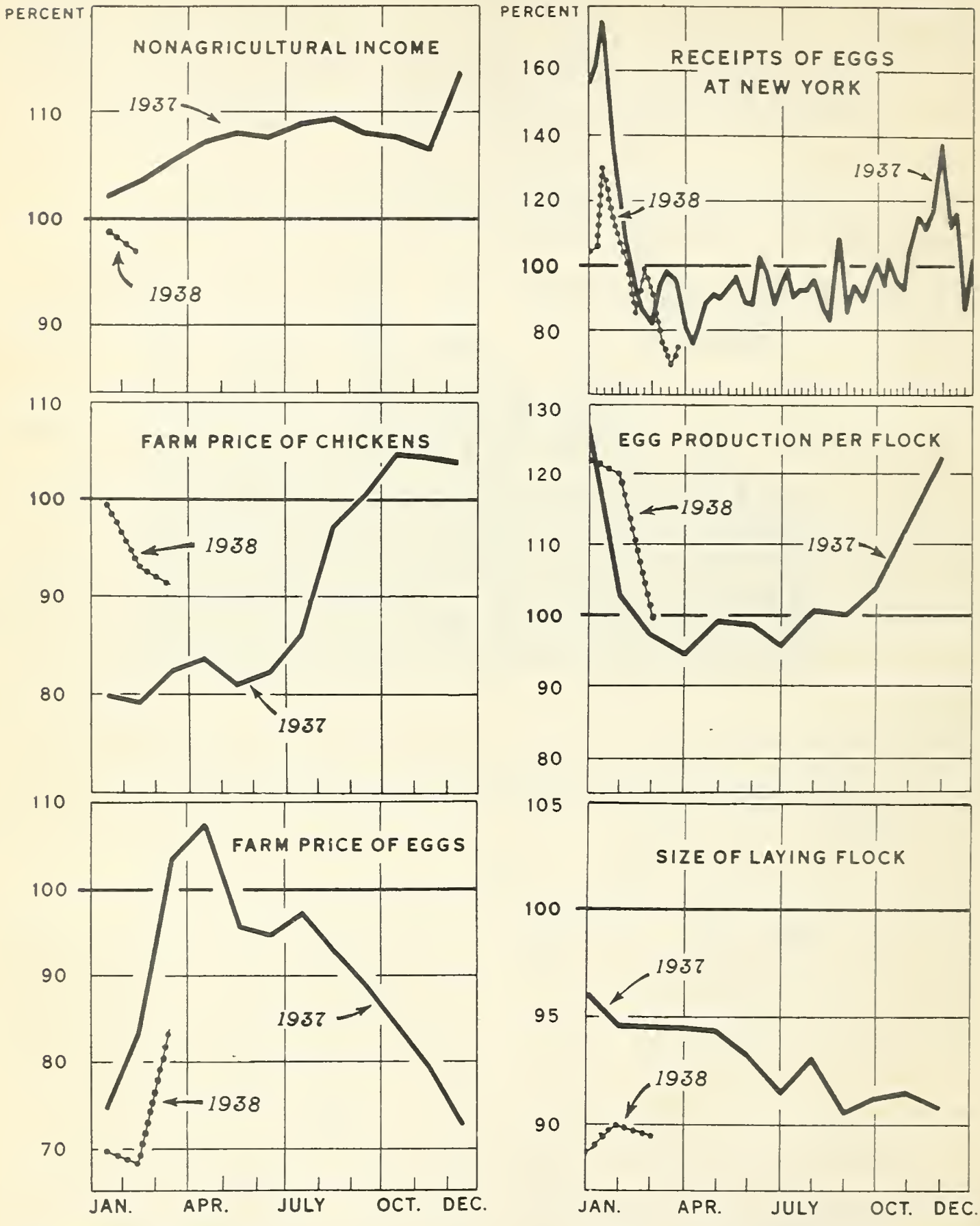

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FIGURE 1

THE POULTRY AND EGG SITUATION

Summary

The price of eggs appears to have reached its seasonal low point in March. And though some small declines may occur during the spring, the trend of egg prices is expected by the Bureau of Agricultural Economics to be upward unless consumer incomes fall more than is now believed likely. Supplies of eggs are not expected to be as great as in 1937. Storage stocks are not expected to accumulate to such a size as during the past year, and a substantial reduction from 1937 appears likely in the August 1 holdings of shell and frozen eggs. The effect of the probable smaller holdings on egg prices in the last half of 1938 will probably be to raise them above those of 1937.

The price of chickens is declining relative to its 10-year average of corresponding months (see figure 1.) By mid-year, with a larger hatch expected than in 1937, chicken prices are likely to go under those of 1937 and to remain below those of a year earlier throughout the fall and winter. The relative decline is believed to have been the result of falling consumer incomes. Supplies of poultry, both in storage and on farms, are quite low.

Feed situation

In most years the cost of poultry feed during the period from December to June rises relative to the price of eggs. In January 1938 this rise was somewhat more than average but since then it has been less than average. By March 26 the Chicago feed-egg ratio was very close to the 10-year average for that date. The chart on the cover of the March "Poultry and Egg Situation" showed rather clearly that the feed-egg ratio has been above the 10-year average since the middle of 1936. The decline in the past few months in the ratio relative to the 10-year average means that fewer eggs are required to buy 100 pounds of feed. This decline has been the result both of lower feed prices since the middle of February and of rising egg prices since then.

The feed-egg ratio at Chicago, specified weeks, average 1925-34, annual 1937 and 1938

Year	Dozens of eggs required to buy 100 pounds of poultry ration										
	Week ended as of 1938										
	Jan. 1	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 30	July 2	Sept. 3	Oct. 29	Dec. 3
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average 1925-34	4.16	6.04	6.20	6.16	6.14	6.13	6.43	6.71	5.68	4.24	3.64
1937	6.98	9.13	9.17	8.93	8.75	9.07	10.80	10.18	8.17	5.32	4.79
1938	4.89	6.92	6.89	6.54	6.41	6.56					

Hatchings

The favorable feed situation and the present low level in numbers of layers are the major factors tending toward a larger hatch in 1938 than in 1937. It is expected that a 5 to 10 percent increase in the numbers of young chickens on hand June 1, as compared with 1937, will result from the 26 percent decrease in the October-March feed-egg ratio.

While no estimates are available on changes in farm hatchings, reports from commercial hatcheries showed an increase of 14 percent in the number of salable chicks hatched in February. The cumulative increase in the January and February hatch over those months of 1937 is 20 percent.

Poultry marketings

Receipts of dressed poultry at New York in March (to March 26) were 37 percent under 1937 and 25 percent under the 1925-34 average. With low stocks of poultry on farms, receipts of poultry during the first half of this year will probably remain below the 10-year average and below 1937. Receipts in the last of 1938 may be expected to exceed those of a year earlier, however, depending upon the extent of the increase in hatchings.

Receipts of dressed poultry at New York, average 1925-34, annual 1937-38

Year	Week ending as of 1938							
	Jan. 29	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 30	July 2
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1925-34	3,324	2.432	2,338	2,196	2,236	2,070	2,245	3,305
1937	3,720	1,770	1,839	2,631	3,632	2,349	3,419	3,739
1938	2,639	2,340	1,729	1,358	1,841	1,707		

Poultry storage

Storage holdings of poultry decline from a maximum in January to a low point during the summer. In this period the holdings are used to supplement the usually low receipts of fresh poultry and hence are an important source of supply for consumption. With storage stocks much less than in 1937 there is no likelihood of such a large carry-over in mid-summer as last year. The out-of-storage movement of poultry has been proceeding at about the usual rate considering the size of stocks. On both February 26 and March 26 storage stocks at the 26 markets were about 64 percent of those a year earlier.

Storage stocks and out-of-storage movement of frozen poultry at 26 markets

Year	Storage stocks	Out-of-storage movement (Week ending as of 1938)				Storage stocks
	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Mar. 26
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1925-34	86,906	3,040	3,603	3,327	4,619	71,317
1937	121,795	5,166	6,092	7,490	6,847	96,200
1938	77,939	3,615	4,223	4,164	4,213	61,719

Chicken prices

Though the usual seasonal movement of chicken prices from December to May is upward, the farm price of chickens on March 15 was practically unchanged from that a month earlier.

Farm price of chickens per pound

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	July 15	Sept. 15	Oct. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1925-34	16.8	17.2	17.5	13.2	13.3	17.8	17.3	16.8	15.8
1936	16.5	16.9	16.6	16.9	16.6	16.1	14.9	14.0	12.6
1937	13.4	13.6	14.4	15.2	14.8	15.3	17.4	17.6	16.4
1938	16.7	16.0	15.9						

Relative to the 10-year average of the corresponding date, chicken prices have been falling since October 15 (see chart on page 2). To some extent this relative decline has been a result of declining consumer incomes and hence is likely to continue as long as incomes decline. In the last half of 1938, chicken prices are likely to go below those of 1937, largely because of greater supplies of poultry expected from this year's larger hatch.

Nonagricultural income, average 1925-34, annual 1936-38
(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	July	Aug.	Sept.	Oct.	Dec.
Average 1925-34 ..	91.0	90.8	90.4	89.9	89.7	89.6	89.6	89.4	89.4	88.3
1936	81.5	81.9	82.5	83.1	84.1	86.8	87.4	87.9	89.8	100.9
1937	92.9	93.9	95.3	96.3	96.9	97.7	98.2	98.8	96.3	98.3
1938	89.8	88.0								

Laying flock size

The size of the laying flock is governed to some extent by the feed situation. With more favorable feeding conditions farmers tend to cull less severely than otherwise. With the feed-egg ratio more favorable for egg production than in 1937, the usual decline in numbers of laying birds from their peak in January to the low point in September is likely to be less than the average decline of 25 percent. The decline since January 1 has been only 2.3 percent while the 1925-34 average has been 3.2 percent.

Average number of laying hens in farm flocks, first day of month

Year	Jan.	Feb.	Mar.	Apr.	May	Aug.	Sept.	Nov.	Dec.
	Number	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34 ..	87.5	87.2	84.7	82.0	77.4	66.8	66.1	75.7	81.9
1937 ...	84.2	82.5	80.0	77.5	73.1	62.1	59.9	69.3	74.4
1938	77.6	78.3	75.8						

Egg production

The rate of egg production per hundred hens and pullets of laying age continued at a high level on March 1, 10 percent above the 10-year average for the date. Rate of production in January and February, however, was more than 30 percent above the corresponding 1925-34 average. In the spring months there is commonly much less variation between production in different years than there is at most other seasons. Hence, the small size of flocks is likely to bring production per flock during the spring below that of 1937 by from 3 to 8 percent. For the first time since July, production per flock is below the 10-year average for the corresponding date.

Eggs laid per 100 hens and pullets of laying age in farm flocks

Year	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	July 1	Sept.1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	16.5	24.2	38.4	52.8	55.1	42.2	32.4	13.9
1937	22.0	25.7	39.2	52.8	57.8	44.4	36.1	18.6
1938	22.7	32.2	42.2					

Egg marketings

Receipts of eggs at New York in March were running 17 percent below 1937 and 23 percent below the 10-year average. Receipts have been increasing seasonally much less rapidly than usual. The average gain in receipts between the first week of March and the last is 30 percent. This year the gain has been only 9 percent. It is likely that marketings during April, May and June will follow production and be from 3 to 8 percent below marketings of these months of 1937.

Receipts of eggs at New York, average 1925-34, annual 1937-38

Year	Week ending as of 1938							
	Jan. 29	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 30	July 2
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average 1925-34	112.2	134.1	154.1	162.7	181.3	200.4	235.1	160.0
1937	152.0	115.2	125.5	152.8	179.6	190.7	213.8	151.5
1938	129.2	131.8	139.7	122.9	125.0	151.8		

Egg storage stocks

To provide eggs for consumption in the fall and winter when production is relatively low, eggs are ordinarily stored in the spring, but the into-storage season continues from about March 1 to about August 1. Eggs are stored in the shell or are broken and stored in frozen form. Figure 2 shows that the proportion of eggs stored in frozen form is rapidly and steadily increasing; and if this trend continues into 1938 a proportion of about 35 percent might be expected.

FROZEN EGGS AS PERCENTAGE OF U.S. TOTAL STORAGE STOCKS ON AUGUST 1, 1916 TO DATE

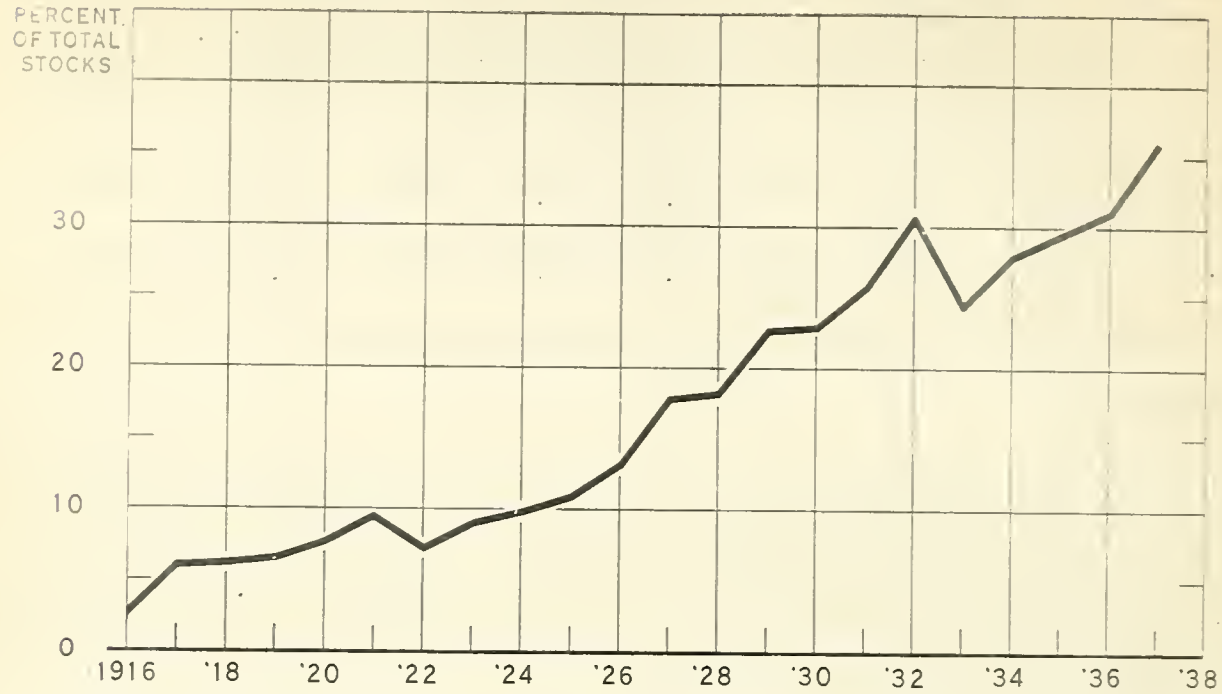

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FIGURE 2

CHANGES IN U. S. STORAGE STOCKS OF SHELL EGGS ON AUGUST 1, AND IN RECEIPTS OF EGGS AT FOUR MARKETS, MARCH-JUNE

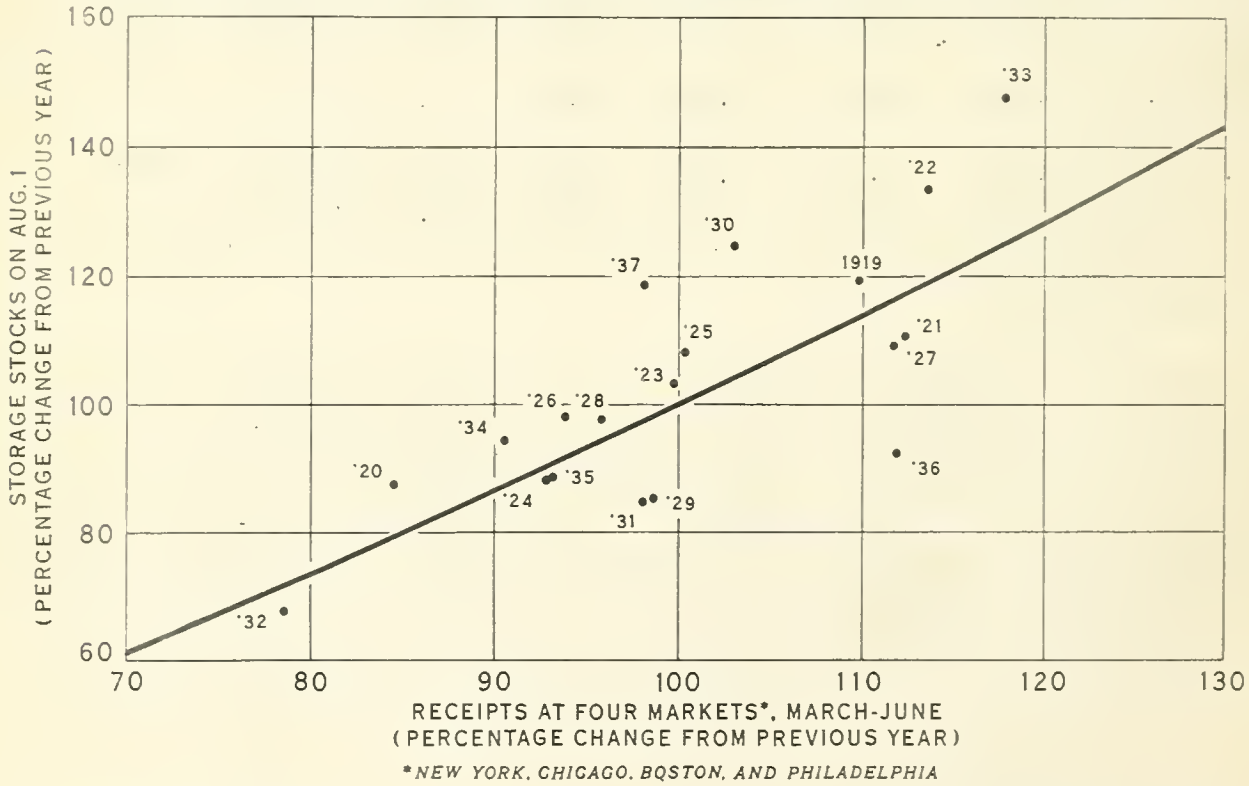

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FIGURE 3

In many years the change in the amount of eggs stored in the shell has been proportional to the change in receipts of eggs at the four major markets in March, April, May and June, as shown in figure 3. Thus, if this relationship prevails in 1938 and if receipts are about 5 percent less than in the same 4 months of 1937, then storage stocks of shell eggs on August 1 would be about 7 percent less than on the same date last year, or 8,100,000 cases. It will be noticed that in no year has this relationship been followed exactly. Many of the apparent discrepancies may be explained by a consideration of the profitability of the preceding storage season. Thus, with a storage margin (see the February issue of The Poultry and Egg Situation) of less than 3.5 cents per dozen last year, the industry as a whole probably lost money on its operations and would tend to store less heavily in the new season. It is estimated that a further 10 percent (making a total of 17 percent) reduction in shell egg storage stocks on August 1, as compared with a year earlier, is likely because of the loss in 1937 reflected by the margin of -2.0 cents. Based only on these two considerations, therefore, August 1 storage stocks of shell eggs might be estimated at about 7,200,000 cases. If these represent 65 percent of the total storage holdings, 35 percent being frozen, then all eggs in storage would be estimated at about 11 million cases, or about 20 percent less than in 1937. The chart on the cover shows how this compares with other years.

With the into-storage season just beginning, this observation is not to be considered as a forecast but rather as an indication of several observable relationships which have existed in past years. Many circumstances, not now foreseen may bring about a very different storage figure by August 1.

Storage stocks and storage movement of eggs at 26 markets, average 1925-34, annual 1937-38

Year	Week ending as of 1938					
	Storage stocks	Storage movement				Storage stocks
	Feb. 26	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Mar. 26
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell eggs						
Av. 1925-34	90	+ 63	+ 125	+ 184	+ 247	709
1937	219	+ 25	+ 100	+ 118	+ 174	636
1938	149	+ 24	+ 103	+ 138	+ 207	621
Frozen eggs						
1937	600	+ 13	+ 29	+ 56	+ 59	757
1938	1,544	- 32	- 7	+ 17	+ 18	1,540

Egg prices

The seasonal decline in the farm price of eggs has probably been completed. While the lower consumer incomes this spring than last will tend to keep prices below those of a year before, this weaker demand promises to be partly offset by smaller production. In the last half of the year, if consumer incomes do not fall by more than is now anticipated, the smaller storage stocks will probably keep prices above those of 1937. Both storage stocks and consumer incomes may be not far from thier 1936 levels. Since these are two of the most important price influences egg prices in the last half of 1938 may be expected to be about the same as in the last 6 months of 1936.

Farm prices of eggs per dozen

Year	Jan.	Feb.	Mar.	Apr.	May	July	Aug.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1925-34	31.0	24.0	19.3	18.7	18.7	20.0	22.0	30.0	35.4	35.7
1936	22.8	23.8	17.5	16.8	18.1	20.0	22.4	27.6	32.5	30.5
1937	23.1	20.1	19.9	20.1	17.9	19.4	20.4	25.2	28.0	26.0
1938	21.6	16.4	16.2							

CHANGES IN NUMBERS OF CHICKS AND YOUNG CHICKENS PER FARM FLOCK, JUNE 1, AND CHANGES IN AVERAGE FEED-EGG RATIO IN PREVIOUS OCTOBER-MARCH

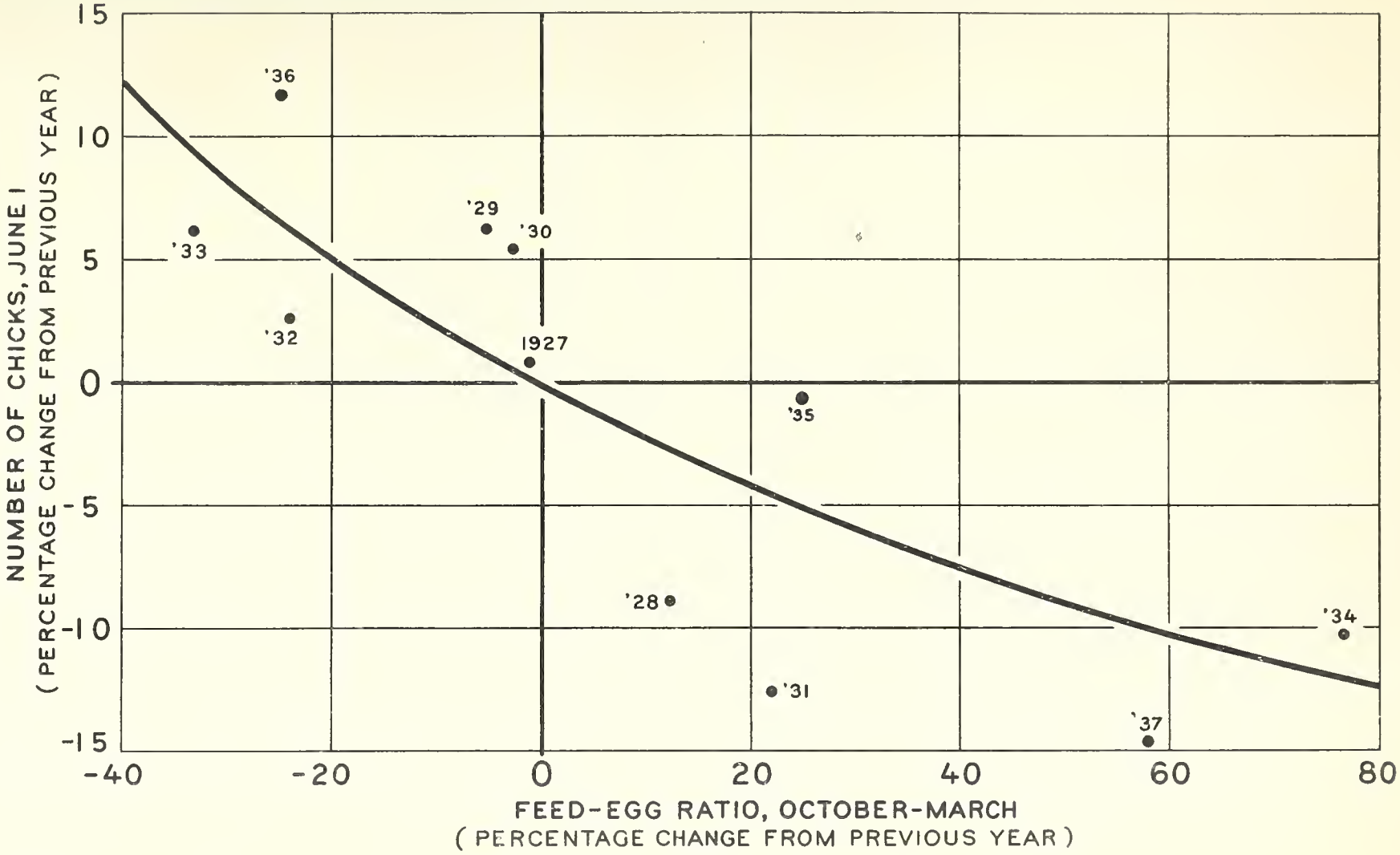

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FIGURE 4.- THIS CHART SHOULD BE CUT OUT AND PASTED OVER FIGURE 3, PAGE 5, OF THE MARCH 1938 ISSUE OF THE POULTRY AND EGG SITUATION, WHICH IS INCORRECT WITH RESPECT TO THE 1935 DOT AND WITH RESPECT TO THE LOCATION OF THE CURVE. THE CORRECT CHART GIVEN HERE IS THE SAME, EXCEPT FOR THE ADDITION OF THE 1937 DOT, AS THE CHART PRESENTED AS FIGURE 2 OF THE MARCH 1937 POULTRY AND EGG SITUATION.